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STATE FOR WHA/CAN AND EAP/EP-TED LYNG AND AMBASSADOR
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SUBJECT: CANADA RESPONSE: DEMARCHE ON TOP U.S. TRADE,
HEALTH, SECURITY PRIORITIES FOR APEC 2006

REF: STATE 121653

Classified By: EconMinCouns Brian J. Mohler for reasons 1.4 (b,d)

¶1. (U) Summary: On August 16, EMIN and Econoff met with Department of Foreign Affairs and International Trade (DFAIT) officials to discuss reftel, which had been provided to them in late July. DFAIT was represented by outgoing Deputy Director for APEC Christopher Burton, his replacement Karen Garner, and Patricia Malikail, Director of the International Economic Relations and Summit Division. The Government of Canada (GOC) response to USG priorities for APEC was generally highly supportive and positive. Malikail and Burton also presented GOC priorities for the upcoming year in APEC. End summary.

¶2. (C) Before beginning their point-by-point discussion, Burton and Malikail commiserated on difficulties that they expect the GOC and USG to face on security goals under APEC, as a result of the position of the People's Republic of China. The Canadians agreed that anti-terrorism efforts are obviously important in APEC, mentioning the economic impact of the recent airline terrorist threat as a clear example. However, Malikail and Burton agreed that the PRC will continue to block progress on security initiatives, as the Chinese attempt to change Taiwan's status in APEC using counter-terrorism issues as a quid pro quo. Malikail stated that the GOC is "not flexible on China's demands." The GOC firmly believes that security issues belong in APEC, despite what Malikail describes as the Chinese raising the transaction costs of considering security issues within APEC.

Canadian Response to U.S. Priorities

¶3. (C) The Canadians said that the GOC and USG are working together on Technology Choice, adding that they fully supported the previous draft. The GOC shares USG interest in trade facilitation and single windows. In general, the GOC supports IPR model guidelines, but Malikail and Burton were not sure of the Canadian position on the most recent draft USG guidelines.

¶4. (C) The Canadians noted the workshop set for November to exchange risk assessment best practices to mitigate terrorist threats to the food supply, and said they would pass any information on to all interested parties in the GOC. They hope that the GOC will be able to participate, and they asked for the agenda and logistics as soon as they are available.

¶5. (C) The GOC supports all USG initiatives in the Counter Terrorism Task Force (CTTF), and our interlocutors believe that the GOC and USG are working well together. They appreciated USG support for GOC counter-terrorism initiatives in the past. The GOC supports another two-year extension of

the CTTF's mandate, and Malikail proposed that GOC and USG representatives get together at the beginning of SOM 3 in Danang to discuss strategy. Malikail also mentioned that the GOC recommends the Mexican delegate as the CTTF's new chair, based on his knowledge, competence, multilateral experience and seniority. The Canadians suspect that the USG is not convinced that this is the correct choice, because in the past Mexico's Economic Agency avoided including security issues in APEC in order to keep Mexico's Foreign Affairs out of the discussion. Malikail said that Canada is open to U.S. suggestions on nominees and mentioned that they have heard that the USG is looking at the Korean and Indonesian delegates. Basically, they share the USG objective of competent leadership.

¶6. (C) The GOC "emphatically supports" appointing a professional Executive Director at the APEC secretariat; in fact, according to Malikail, the GOC suggested such an appointment a few years ago. She suggested that Australia also supports the idea and is scheduled to be next year's host (and therefore responsible for appointing the Executive Director for that year under the current system.)

Canadian Priorities -----

¶7. (C) The GOC's two top counter-terrorism objectives are for rail and mass transit security and cross border business resumption planning. On cross-border business resumption, the GOC will recirculate a revised draft. Our interlocutors mentioned that this initiative may end up rolled into the broader Emergency Preparedness Point of Contact list. On the GOC's rail and mass transit security objective, Burton mentioned that they had originally hoped to send out

OTTAWA 00002484 002 OF 002

questionnaires to determine current best practices and then discuss these best practices at a workshop. However, the PRC would not participate. Malikail conjectured that the PRC is unwilling to give public answers about their very poor rail security, and supposedly the Chinese rail ministry is sensitive on the subject. The GOC intends to instead propose a capacity building workshop with no input required from participants, possibly co-hosted with the Chinese. According to Malikail, a previous workshop on airport security co-hosted with China was quite successful.

¶8. (C) The GOC has two major objectives in health security: avian influenza (mentioned in the Leaders' statement) and HIV/AIDS. The GOC's top trade initiative is improvement and implementation of model measures. The final top priority which the Canadians listed is Private Sector Development; for example, designing government procedures to make them easier for small businesses to navigate. Malikail mentioned that Canada is also increasingly using private sector development for development assistance.

¶9. (C) Malikail explained that in the wake of the G8 meetings, the Canadians are hoping to discuss some still-outstanding G-8 items in the APEC meetings, possibly including energy-related G-8 initiatives. When asked about the future of GOC APEC policies under Prime Minister Harper's new Conservative government, the Canadians agreed that it was too soon to tell if there would be changes to the GOC approach. Prime Minister Harper is scheduled to go to the Hanoi summit. At SOM 3, Canada will be represented by DFAIT Economic Policy DG Drew Fagan. DFAIT's five-person APEC team will include Karen Garner and Patricia Malikail. Christopher Burton will soon be entering Japanese language training prior to a posting at the Canadian Embassy in Tokyo, starting in ¶2008.

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